

# Monthly Trend Report for Medicare, Medicaid, and SCHIP

February 28, 2005

On these pages, the Office of the Actuary presents monthly and fiscal-year-to-date data for Medicare (HI and SMI), federal Medicaid, and the State Children's Health Insurance Program (SCHIP). Highlights include

- changes in HI and SMI income, expenditures, and assets (see Table 1 below);
- changes in Medicaid and SCHIP expenditures (see Table 2 below); and
- actual versus projected data for each of the four programs (see Figures 1, 2, and 3 below).

The primary source of information for these reports is the U.S. Department of Treasury's Financial Management Service's Monthly Treasury Report (tables 5 and 8). The reasons offered to explain monthly and fiscal-year-to-date changes are preliminary in nature and may be subject to change as more information becomes available.

## Key Data and Trends (change is usually measured fiscal-year-to-date compared to prior fiscal-year-to-date)

### Total spending

Fiscal-Year-to-Date 2005 (October 2004-February 2005)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 7.8 percent compared to the corresponding period in fiscal year 2004. Because program expenditure levels in a particular month can vary significantly, this growth rate -- and those shown below -- can be unduly affected by an unusually low or high level in any month. As the fiscal year progresses, the fiscal-year-to-date increases are expected to gradually stabilize as the remaining months are added.

### Medicare

February 2005

- HI income exceeded expenditures by \$2.5 billion. Each month, the primary source of HI income is Federal Income Contribution Act (FICA) taxes, but this is particularly true for months such as this February, in which secondary sources of income were relatively modest, with no large amounts scheduled for receipt.
- SMI income exceeded expenditures by \$1.9 billion. This excess is likely due, in large part, to the smaller-than-average number of claims processing days this month, which would tend to lower expenditures.

- The SMI trust fund received and spent over \$148 million this month for benefits under the Transitional Assistance provision of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA). (Under the Transitional Assistance provision, certain low-income beneficiaries are eligible for financial assistance of up to \$600 per year for purchasing prescription drugs and for a subsidized enrollment fee under the temporary Medicare-endorsed drug discount card program established by the MMA.)

Fiscal-Year-to-Date 2005 (October 2004-February 2005)

- Medicare expenditures were 11.0 percent higher than in the corresponding period in fiscal year 2004.

### Medicaid

Fiscal-Year-to-Date 2005 (October 2004-February 2005)

- Medicaid expenditures were 2.7 percent greater than in the corresponding period in fiscal year 2004.

### SCHIP

Fiscal-Year-to-Date 2005 (October 2004-February 2005)

- SCHIP expenditures were 7.2 percent greater than in the corresponding period in fiscal year 2004.

### Consumer Price Index (all items, for urban consumers; CPI -U)

February 2005

- The CPI-U increased 0.6 percent during the month of February.

Fiscal-Year-to-Date 2005 (October 2004-February 2005)

- The fiscal-year-to-date change in the CPI-U is an increase of 1.0 percent.

**Table 1. Medicare Trust Fund Activity as of February 28, 2005**

[in millions]			
<b>Trust Fund Income, Expenditures, and Assets</b>	<b>Hospital Insurance Trust Fund</b>	<b>Supplementary Medical Insurance Trust Fund</b>	<b>Total Medicare</b>
<b>This Month:</b>			
Income	\$11,991	\$12,976	\$24,967
Expenditures	14,481	11,057	25,538
Difference	(2,490)	1,919	(571)
<b>Current Fiscal Year to Date:</b>			
Income	78,449	65,595	144,044
% Change	6.8	20.4	12.6
Expenditures	71,826	58,749	130,575
% Change	9.6	12.7	11.0
Difference	6,623	6,846	13,469
<b>Prior Fiscal Year to Date:</b>			
Income	73,466	54,486	127,952
Expenditures	65,543	52,123	117,666
<b>Trust Fund Balance (Current Total Investments):</b>			
End of Month	272,022	23,261	295,283

**Table 2. Federal Medicare, Medicaid, and SCHIP Expenditures as of February 28, 2005**

[in millions]				
<b>Trust Fund Expenditures</b>	<b>Total Medicare Expenditures</b>	<b>Federal Medicaid Expenditures</b>	<b>Federal Expenditures for State Children's Health Insurance Program</b>	<b>Total Expenditures</b>
This month	\$25,538	\$13,643	\$355	\$39,536
Fiscal year to date	130,575	72,609	1,852	205,036
Prior fiscal year to date	117,666	70,721	1,728	190,115
% Change	11.0	2.7	7.2	7.8

Note: State governments also support the Medicaid and SCHIP programs.

Figure 1. Medicare Trust Fund Assets at End of Month:  
Historical and Estimated

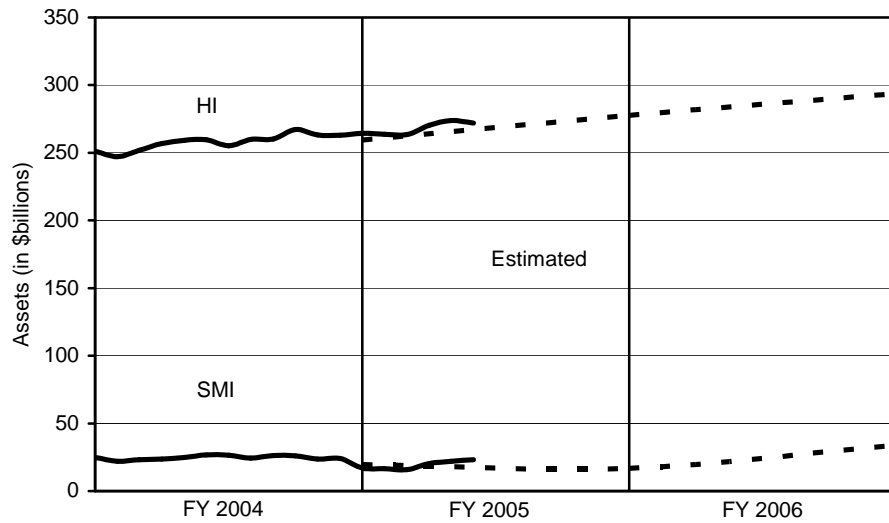


Figure 2. Medicare Expenditures: Historical and Estimated

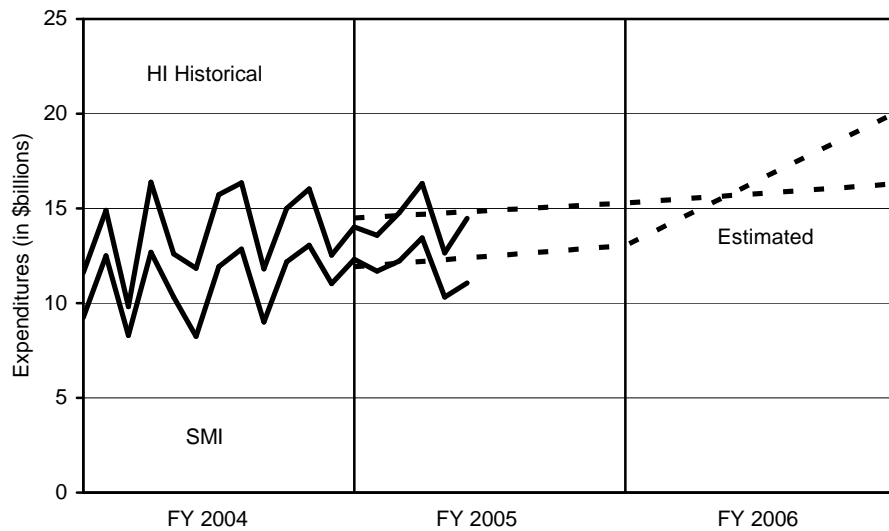


Figure 3. Federal Medicaid and SCHIP Expenditures: Historical and Estimated

